



Stella-Jones Inc.

**Condensed Interim Consolidated
Financial Statements
(Unaudited)
September 30, 2023 and 2022**

Stella-Jones Inc.Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

(expressed in millions of Canadian dollars)

		As at September 30, 2023	As at December 31, 2022
	Note		
Assets			
Current assets			
Accounts receivable		400	287
Inventories		1,413	1,238
Income taxes receivable		4	—
Other current assets		67	58
		<u>1,884</u>	<u>1,583</u>
Non-current assets			
Property, plant and equipment		883	755
Right-of-use assets		192	160
Intangible assets		173	171
Goodwill		383	369
Derivative financial instruments	7	30	29
Other non-current assets		5	6
		<u>3,550</u>	<u>3,073</u>
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		242	201
Income taxes payable		22	7
Current portion of long-term debt	4	103	1
Current portion of lease liabilities		48	41
Current portion of provisions and other long-term liabilities	5	19	9
		<u>434</u>	<u>259</u>
Non-current liabilities			
Long-term debt	4	1,088	940
Lease liabilities		152	126
Deferred income taxes		157	158
Provisions and other long-term liabilities	5	29	26
Employee future benefits		6	7
		<u>1,866</u>	<u>1,516</u>
Shareholders' equity			
Capital stock	6	189	194
Retained earnings		1,324	1,192
Accumulated other comprehensive income		171	171
		<u>1,684</u>	<u>1,557</u>
		<u>3,550</u>	<u>3,073</u>
Subsequent events	11		

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Change in Shareholders' Equity

(Unaudited)

For the nine-month periods ended September 30, 2023 and 2022

(expressed in millions of Canadian dollars)

	Accumulated other comprehensive income						Total shareholders' equity
	Capital stock	Retained earnings	Foreign currency translation adjustment	Translation of long-term debts designated as net investment hedges	Unrealized gains on cash flow hedges	Total	
Balance – January 1, 2023	194	1,192	261	(111)	21	171	1,557
Comprehensive income (loss)							
Net income	—	270	—	—	—	—	270
Other comprehensive income (loss)	—	1	(1)	—	1	—	1
Comprehensive income (loss)	—	271	(1)	—	1	—	271
Dividends on common shares	—	(40)	—	—	—	—	(40)
Employee share purchase plans	1	—	—	—	—	—	1
Repurchase of common shares (note 6)	(6)	(99)	—	—	—	—	(105)
	(5)	(139)	—	—	—	—	(144)
Balance – September 30, 2023	189	1,324	260	(111)	22	171	1,684

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Change in Shareholders' Equity...*Continued*

(Unaudited)

For the nine-month periods ended September 30, 2023 and 2022

(expressed in millions of Canadian dollars)

	Accumulated other comprehensive income						Total shareholders' equity
	Capital stock	Retained earnings	Foreign currency translation adjustment	Translation of long-term debts designated as net investment hedges	Unrealized gains on cash flow hedges	Total	
Balance – January 1, 2022	208	1,161	175	(98)	2	79	1,448
Comprehensive income (loss)							
Net income	—	205	—	—	—	—	205
Other comprehensive income (loss)	—	7	102	(16)	21	107	114
Comprehensive income (loss)	—	212	102	(16)	21	107	319
Dividends on common shares	—	(37)	—	—	—	—	(37)
Employee share purchase plans	1	—	—	—	—	—	1
Repurchase of common shares (note 6)	(13)	(132)	—	—	—	—	(145)
	(12)	(169)	—	—	—	—	(181)
Balance – September 30, 2022	196	1,204	277	(114)	23	186	1,586

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Income

(Unaudited)

(expressed in millions of Canadian dollars, except earnings per common share)

		For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	Note	2023	2022	2023	2022
Sales		949	842	2,631	2,400
Expenses					
Cost of sales (including depreciation and amortization (3 months - \$23 (2022 - \$18) and 9 months - \$66 (2022 - \$53))		734	703	2,080	1,988
Selling and administrative (including depreciation and amortization (3 months - \$4 (2022 - \$3) and 9 months - \$12 (2022 - \$10))		48	41	137	113
Other losses, net	10	1	—	4	1
		783	744	2,221	2,102
Operating income		166	98	410	298
Financial expenses		17	10	47	22
Income before income taxes		149	88	363	276
Income tax expense					
Current		40	22	95	64
Deferred		(1)	1	(2)	7
		39	23	93	71
Net income		110	65	270	205
Basic and diluted earnings per common share	6	1.91	1.07	4.63	3.30

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Comprehensive Income

(Unaudited)

(expressed in millions of Canadian dollars)

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Net income	110	65	270	205
Other comprehensive income (loss)				
Items that may subsequently be reclassified to net income				
Gains (losses) on translation of financial statements of foreign operations	33	83	(1)	102
Losses on translation of long-term debt designated as hedges of net investment in foreign operations	(5)	(13)	—	(16)
Change in fair value of derivatives designated as cash flow hedges	2	11	1	29
Income tax on change in fair value of derivatives designated as cash flow hedges	—	(3)	—	(8)
Items that will not subsequently be reclassified to net income				
Remeasurements of post-retirement benefit obligations	2	—	1	9
Income taxes on remeasurements of post-retirement benefit obligations	—	—	—	(2)
	32	78	1	114
Comprehensive income	142	143	271	319

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Stella-Jones Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

(expressed in millions of Canadian dollars)

		For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	Note	2023	2022	2023	2022
Cash flows from (used in)					
Operating activities					
Net income		110	65	270	205
Adjustments for					
Depreciation of property, plant and equipment		9	7	28	22
Depreciation of right-of-use assets		14	10	38	30
Amortization of intangible assets		4	4	12	11
Financial expenses		17	10	47	22
Income tax expense		39	23	93	71
Other		(1)	2	4	2
		192	121	492	363
Changes in non-cash working capital components					
Accounts receivable		25	66	(98)	(78)
Inventories		(48)	56	(163)	61
Other current assets		(1)	(10)	(11)	(26)
Accounts payable and accrued liabilities		5	(10)	38	36
		(19)	102	(234)	(7)
Interest paid		(21)	(10)	(50)	(23)
Income taxes paid		(22)	(20)	(83)	(48)
		130	193	125	285
Financing activities					
Net change in revolving credit facilities		36	(81)	251	(34)
Proceeds from long-term debt		—	—	—	63
Repayment of long-term debt		—	—	(1)	(33)
Repayment of lease liabilities		(13)	(11)	(36)	(30)
Dividends on common shares		(13)	(12)	(40)	(37)
Repurchase of common shares	6	(45)	(59)	(105)	(142)
Other		1	1	1	1
		(34)	(162)	70	(212)
Investing activities					
Business combinations	3	(52)	(8)	(85)	(8)
Purchase of property, plant and equipment		(42)	(20)	(103)	(57)
Additions of intangible assets		(2)	(3)	(7)	(8)
		(96)	(31)	(195)	(73)
Net change in cash and cash equivalents during the period					
		—	—	—	—
Cash and cash equivalents – Beginning of period					
		—	—	—	—
Cash and cash equivalents – End of period					
		—	—	—	—

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Stella-Jones Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2023 and 2022

1 Description of the business

Stella-Jones Inc. (with its subsidiaries, either individually or collectively, referred to as the “Company”) is North America’s leading producer of pressure-treated wood products. It supplies the continent’s major electrical utilities and telecommunication companies with wood utility poles and North America’s Class 1, short line and commercial railroad operators with railway ties and timbers. The Company also provides industrial products, which include wood for railway bridges and crossings, marine and foundation pilings, construction timbers and coal tar-based products. Additionally, the Company manufactures and distributes premium treated residential lumber and accessories to Canadian and American retailers for outdoor applications, with a significant portion of the business devoted to servicing Canadian customers through its national manufacturing and distribution network. The Company has treating facilities across Canada and the United States and sells its products primarily in these two countries. The Company’s headquarters are located at 3100 de la Côte-Vertu Blvd., in Saint-Laurent, Quebec, Canada. The Company is incorporated under the Canada Business Corporations Act, and its common shares are listed on the Toronto Stock Exchange (“TSX”) under the stock symbol SJ.

2 Significant accounting policies

Basis of presentation

The Company’s condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) and Chartered Professional Accountants Canada Handbook Accounting - Part I, applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

These condensed interim consolidated financial statements were approved by the Board of Directors on November 6, 2023.

The same accounting policies, methods of computation and presentation have been followed in the preparation of these condensed interim consolidated financial statements as were applied in the annual consolidated financial statements for the year ended December 31, 2022.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS.

Principles of consolidation

The condensed interim consolidated financial statements include the accounts of Stella-Jones Inc. and its controlled subsidiaries. Intercompany transactions and balances between these companies have been eliminated. All consolidated subsidiaries are wholly owned. The significant subsidiaries within the legal structure of the Company are as follows:

Subsidiary	Parent	Country of incorporation
Stella-Jones U.S. Holding Corporation	Stella-Jones Inc.	United States
Stella-Jones Corporation	Stella-Jones U.S. Holding Corporation	United States

Stella-Jones Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2023 and 2022

3 Business combination

2023 acquisitions

a) On July 14, 2023, the Company acquired substantially all of the assets of the wood utility pole manufacturing business of Baldwin Pole and Piling Company, Inc., Baldwin Pole Mississippi, LLC and Baldwin Pole & Piling, Iowa Corporation (collectively, “Baldwin”). Baldwin is a Southern Yellow Pine pole treating business with facilities in Bay Minette, Alabama and Wiggins, Mississippi and was acquired for synergistic reasons.

The total consideration for the acquisition was \$64 million (US\$49 million) and included a net working capital adjustment and deferred consideration, comprising amounts payable at future dates. Excluding acquisition-related costs of less than one million dollars recognized in the consolidated statement of income under selling and administrative expenses, the cash outlay was \$51 million (US\$39 million) financed through the Company’s existing credit facilities. The deferred consideration bears no interest and was recorded at fair value using an effective interest rate of 5%.

As at the reporting date, the Company had not completed the purchase price allocation to the fair value of the identifiable net assets. The fair value determination of the assets acquired and liabilities assumed was based on Management’s best estimates and information known at the time of preparing these condensed interim consolidated financial statements. This fair value determination is expected to be completed within 12 months of the acquisition date and consequently, significant changes could occur mainly with respect to property plant and equipment and intangible assets. If new information obtained about facts and circumstances that existed at the date of acquisition identifies adjustments to the below amounts, or any additional provisions that existed at the date of acquisition, the accounting for this acquisition will be revised.

The following is a preliminary summary of the assets acquired and the liabilities assumed at fair value as at the acquisition date. The original transaction was made in U.S. dollars and converted into Canadian dollars as at the acquisition date.

(Amounts in millions of Canadian dollars)

Assets acquired	
Accounts receivable	6
Inventories	10
Property, plant and equipment	42
Intangible assets	7
	65
Liabilities assumed	
Provisions	1
Total net assets acquired	64

The trade receivables comprise gross amounts of six million dollars, which were expected to be collectible.

The Company’s valuation of intangible assets has mainly identified customer relationships having a useful life of 12 years. Significant assumptions used in the determination of intangible assets, as defined by Management, include year-over-year sales growth, discount rate and operating income before depreciation and amortization margin.

Stella-Jones Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

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In the period from July 14, 2023 to September 30, 2023, the sales and net income of Baldwin amounted to \$11 million and one million dollars, respectively.

b) Other acquisitions

On February 14, 2023, the Company acquired substantially all the operating assets of IndusTREE Pole & Piling, LLC (“IndusTREE”), a business specialized in pole peeling and drying Southern Yellow Pine poles in Goodwater, Alabama. On June 16, 2023, the Company acquired substantially all the operating assets of Balfour Pole Co., LLC (“Balfour”), a business specialized in pole peeling and drying Southern Yellow Pine poles in Baconton, Georgia.

IndusTREE and Balfour were acquired for synergistic reasons and financed through the Company’s existing credit facilities. Total acquisition-related costs of less than one million dollars were recognized in the consolidated statement of income under selling and administrative expenses.

These acquisitions were not individually material, therefore the Company has chosen to disclose the required information in aggregate. The below table presents a final summary of the aggregate assets acquired and consideration transferred at fair value as at the acquisition dates. The original transactions were made in U.S. dollars and converted into Canadian dollars as at the acquisition dates.

(Amounts in millions of Canadian dollars)

Assets acquired	
Inventories	1
Property, plant and equipment	21
Goodwill	14
	36
Cash	33
Deferred consideration	1
Settlement of an advance payable by IndusTREE	2
Consideration transferred	36

Goodwill is deductible for U.S. tax purposes and represents the future economic value associated with the acquired workforce and synergies with the Company’s operations. For impairment test purposes, goodwill is allocated to a cash-generating unit defined as plants specialized in the treatment of utility poles and residential lumber.

The acquired businesses of IndusTREE and Balfour were vertically integrated within the Company’s operations and no third-party revenue was recognized from the acquisition dates.

Stella-Jones Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2023 and 2022**4 Long-term debt**

		As at September 30, 2023	As at December 31, 2022
(Amounts in millions of Canadian dollars)			
Maturity date			
Unsecured:			
Revolving credit facilities ^(a)	2026-2028	646	394
Term loan facilities			
US\$125, variable rate based on SOFR plus 1.725% ^(a)	2028	169	169
US\$100, fixed rates ranging from 3.27% to 4.47%, with quarterly amortization payments starting in 2026	2029-2030	135	135
US\$25, fixed rate of 4.52%	2029	34	34
Senior notes			
US\$75, fixed rate of 3.54%	2024	203	204
US\$75, fixed rate of 3.81%	2027		
Other		4	5
		1,191	941
Less: Current portion of long-term debt		103	1
		1,088	940

a) Unsecured Senior U.S. Farm Credit Facilities

On March 3, 2023, the Company amended and restated the U.S. Farm Credit Agreement in order to, among other things, (i) increase the amount available under the credit facilities from US\$350 million to US\$550 million, ii) extend the term of U.S. Farm Revolving Credit Facility in the amount of US\$150 million from April 29, 2026 to March 3, 2028, and iii) transition from London Interbank Offered Rate ("LIBOR") references to Secured Overnight Financing Rate ("SOFR"). Revolving credit facility advances made prior to this amendment continued to apply LIBOR until the end of their term.

In order to maintain the credit facilities and senior notes in place, the Company needs to comply with customary affirmative covenants, negative covenants, reporting requirements and financial ratios. The Company is required to maintain a net funded debt-to-EBITDA ratio of no more than 3.50:1, an interest coverage ratio equal to or greater than 3.00:1 and a priority debt to equity ratio not more than 15%, which are measured on a quarterly basis. As at September 30, 2023, the Company was in full compliance with these covenants, requirements and ratios.

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Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2023 and 2022**5 Provisions and other long-term liabilities**

(Amounts in millions of Canadian dollars)	As at September 30, 2023	As at December 31, 2022
Site remediation	20	18
Share-based payment plans	15	9
Others	13	8
	48	35
Less: Current portion of provisions and long-term liabilities	19	9
	29	26

The Company's share-based payment plans consist of cash-settled restricted stock unit, performance stock unit and deferred share unit plans.

Restricted stock units (RSUs) and Performance stock units (PSUs)

Under the Stock Unit Plan, RSUs and PSUs are granted to certain executives and key employees of the Company. RSUs and PSUs entitle the holders to receive a cash payment equal to the average closing price on the TSX of the Company's common shares for the five trading days preceding the vesting date multiplied by a factor which ranges from 0% to 200% based on the attainment of performance criteria and/or market conditions set out pursuant to the plan, provided the individual is still employed by the Company at time of vesting. RSUs vest ratably over a period of three years and PSUs are paid three years after the grant date.

Changes in outstanding RSUs for the nine-month periods ended September 30, are as follows:

	2023	2022
RSUs outstanding - Beginning of period	122,315	103,963
Granted	65,479	88,763
Vested	(47,966)	(63,527)
Forfeited	(7,906)	(2,395)
RSUs outstanding - End of period	131,922	126,804

Changes in outstanding PSUs for the nine-month periods ended September 30, are as follows:

	2023	2022
PSUs outstanding - Beginning of period	69,337	29,398
Granted	38,517	44,382
Forfeited	(8,792)	(697)
PSUs outstanding - End of period	99,062	73,083

Stella-Jones Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2023 and 2022

Deferred share units (DSUs)

DSUs entitle non-executive directors of the Company to receive a minimum participation amount in the form of DSUs and they may elect to participate in the DSU plan for a portion of their Board fees. Such deferred remuneration is converted to DSUs based on the average closing price of the Company's common shares on the TSX of the five trading days immediately preceding the date such awards are granted to the non-employee director. DSUs are settled for cash only after a non-employee director ceases to act as a director.

Changes in outstanding DSUs for the nine-month periods ended September 30, are as follows:

	2023	2022
DSUs outstanding - Beginning of period	44,333	20,131
Granted	16,792	24,202
Settled	(1,760)	—
DSUs outstanding - End of period	59,365	44,333

6 Capital stock and earnings per share

The following table provides the number of common shares outstanding for the nine-month periods ended September 30:

	2023	2022
Number of common shares outstanding – Beginning of period	59,115,959	63,773,252
Common shares repurchased	(1,792,312)	(3,868,055)
Stock option exercised	5,000	—
Employee share purchase plans	21,721	30,667
Number of common shares outstanding – End of period	57,350,368	59,935,864

a) Capital stock

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

All issued shares are fully paid. The common shares provide for the right to receive notice of, attend and vote at all meetings of shareholders and receive dividends, subject to the prior rights of the preferred shares and any other shares ranking senior to the common shares. To date, the Company has not issued any preferred shares.

On June 7, 2023, 5,000 ordinary shares were issued as a result of the exercise of options arising from the share options granted in 2015. Options were exercised at the option value price of 49.01\$ per share.

Stella-Jones Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2023 and 2022

b) Normal Course Issuer Bid

On November 8, 2022, the TSX accepted the Company's Notice of Intention to Make a Normal Course Issuer Bid ("NCIB") to purchase for cancellation up to 5,000,000 common shares during the 12-month period commencing November 14, 2022 and ending November 13, 2023, representing approximately 9.6% of the public float of its common shares.

During the nine-month period ended September 30, 2023, the Company repurchased for cancellation 1,792,312 common shares under its NCIB (September 30, 2022 - 3,868,055 common shares under the NCIB then in effect) for a total consideration of \$105 million (September 30, 2022 - \$145 million), representing an average price of \$58.48 per common share (September 30, 2022 - \$37.45). For the nine-month period ended September 30, 2023, the Company's capital stock was reduced by six million dollars (September 30, 2022 - \$13 million) and the remaining \$99 million (September 30, 2022 - \$132 million) was accounted for as a decrease in retained earnings.

c) Earnings per share

The following table provides the reconciliation, as at September 30, between basic earnings per common share and diluted earnings per common share:

(Amounts in millions of Canadian dollars, except per share amounts)	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2023	2022	2023	2022
Net income applicable to common shares	\$110	\$65	\$270	\$205
Weighted average number of common shares outstanding*	57,690	60,682	58,258	62,078
Effect of dilutive stock options*	6	—	4	—
Weighted average number of diluted common shares outstanding*	57,696	60,682	58,262	62,078
Basic and diluted earnings per common share	\$1.91	\$1.07	\$4.63	\$3.30

* Number of shares is presented in thousands.

Stella-Jones Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

September 30, 2023 and 2022

7 Fair value measurement and financial instruments

The following table summarizes the Company's interest rate swap agreements:

					As at September 30, 2023	As at December 31, 2022
(Amounts in millions of Canadian dollars)						
Notional amount	Related debt instrument	Fixed rate	Effective date	Maturity date	Notional equivalent	Notional equivalent
		%			CAS	CAS
US\$50	Revolving credit facilities	0.796*	Dec. 2021	Dec. 2026	68	68
US\$125	Term loan facility	1.0769**	July 2021	June 2028	169	169

* Plus applicable margin based on pricing grid included in the revolving credit agreements.

** Plus set margin of 1.725%.

In March 2023, the Company amended its interest rate swap agreements and replaced its LIBOR interest derivatives used in cash flow hedging relationships with economically equivalent interest derivatives referencing SOFR. Prior to the transition from LIBOR to SOFR, the fixed swap rate was 0.872% and 1.125% plus applicable margin for the revolving credit facilities and the term loan facility, respectively.

The Company designates its interest rate swap agreements as cash flow hedges of the underlying debt. The cash flow hedge documentation allows the Company to substitute the underlying debt as long as the hedge effectiveness is demonstrated. As at September 30, 2023, all cash flow hedges were effective.

As at September 30, 2023, the fair value of interest swap agreements was \$30 million, recognized as non-current assets in the condensed interim consolidated statement of financial position (December 31, 2022 - \$29 million in the consolidated statement of financial position).

The fair value of these financial instruments has been estimated using the discounted future cash flow method and has been classified as Level 2 in the fair value hierarchy as per IFRS 7, *Financial Instruments: Disclosures*, as it is based mainly on observable market data, namely government bond yields and interest rates. A description of each level of the hierarchy is as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for these assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Financial instruments which are not measured at fair value on the statement of financial position are represented by accounts receivable, accounts payable and accrued liabilities and long-term debt. The fair values of accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature. The long-term debt has a carrying value of \$1,191 million (December 31, 2022 - \$941 million) and a fair value of \$1,161 million (December 31, 2022 - \$908 million).

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(Unaudited)

September 30, 2023 and 2022

8 Seasonality

The Company's operations follow a seasonal pattern, with utility poles, railway ties and industrial products shipments strongest in the second and third quarters to provide industrial end-users with product for their summer maintenance projects. Residential lumber sales follow the same seasonal pattern. Inventory levels of utility poles, railway ties and residential lumber are typically highest in the first quarter in advance of the summer shipping season.

9 Segment information

The Company operates within two business segments which are the production and sale of pressure-treated wood and the procurement and sales of logs and lumber.

The pressure-treated wood segment includes utility poles, railway ties, residential lumber and industrial products.

The logs and lumber segment comprises of the sales of logs harvested in the course of the Company's procurement process that are determined to be unsuitable for use as utility poles. Also included in this segment is the sale of excess lumber to local home-building markets. Assets and net income related to the logs and lumber segment are nominal.

Operating plants are located in six Canadian provinces and 18 American states. The Company also operates a large procurement and distribution network across North America.

Sales attributed to countries based on location of customer for the nine-month periods ended September 30, are as follows:

(Amounts in millions of Canadian dollars)	2023	2022
Canada	723	792
U.S.	1,908	1,608
	2,631	2,400

Sales by product for the nine-month periods ended September 30, are as follows:

(Amounts in millions of Canadian dollars)	2023	2022
Utility poles	1,188	901
Railway ties	663	589
Residential lumber	563	644
Industrial products	121	111
Pressure-treated wood	2,535	2,245
Logs and lumber	96	155
	2,631	2,400

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Property, plant and equipment, right-of-use assets, intangible assets and goodwill attributed to the countries based on location are as follows:

(Amounts in millions of Canadian dollars)	As at September 30, 2023	As at December 31, 2022
Property, plant and equipment		
Canada	229	204
U.S.	654	551
	883	755
Right-of-use assets		
Canada	35	22
U.S.	157	138
	192	160
Intangible assets		
Canada	55	54
U.S.	118	117
	173	171
Goodwill		
Canada	21	21
U.S.	362	348
	383	369

10 Other losses, net

In September 2023, a portion of the Company's Silver Springs, Nevada, manufacturing operation was damaged by fire. During the third quarter of 2023, the net book value of the damaged production equipment and building structure was written down to nil. The Company recognized a nine million dollar non-cash write-down of its property, plant and equipment and a corresponding insurance recovery in the consolidated statement of income under other losses, net. The insurance recoverable asset was recorded in accounts receivable. The Company is currently engaged in discussions with the insurer to recover losses incurred due to business interruption.

11 Subsequents events

a) On November 6, 2023, the Board of Directors declared a quarterly dividend of \$0.23 per common share payable on December 21, 2023 to shareholders of record at the close of business on December 4, 2023.

b) On November 6, 2023, the TSX accepted the Company's Notice of Intention to Make a NCIB ("Notice"). Pursuant to the Notice, the Company may, during the twelve-month period commencing November 14, 2023 and ending November 13, 2024, purchase for cancellation, up to 2,500,000 common shares, representing approximately 5% of the public float of its common shares.